

MORNING MOCHA

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US-Iran tensions remained in focus with news reports suggesting some peace proposals are being considered. Despite this, there has been an indication of a blockade of another key shipping route, disrupting supplies from Saudi Arabia. Separately, US President announced fresh 50% tariff on a host of Canadian imports, in response to “discriminatory” treatment of US goods. In India, RBI released data on foreign inflows received under its recent measures. As per the data, a total of US\$ 20.7bn has been mobilised until 17 Jul 2026, with FCNR (B) deposits (US\$ 17.4bn) attracting the most. At the same time, foreign inflows mobilised through concessional swap facility for ECBs/OCBs was US\$ 3.3bn. Separately, growth in India’s index of core industries accelerated to 5% in Jun’26 from 3.2% in May’26. While output of iron ore, electricity and cement continued to expand, production of fertilizers and refinery products declined further.

- Except Hong Kong and China, global indices closed lower. Investors remained cautious over US tariffs on Canada and aggravated geo-political tensions. Stocks in UK fell the most, tracking political developments. Sensex dipped led by banking stocks. It is trading lower today. Asian markets are trading mixed.

Table 1 – Stock markets

	17-07-2026	20-07-2026	Change, %
Dow Jones	52,146	51,839	(0.6)
S & P 500	7,458	7,443	(0.2)
FTSE	10,600	10,525	(0.7)
Nikkei	66,836	64,141	(4.0)
Hang Seng	24,562	25,143	2.4
Shanghai Comp	3,764	3,796	0.9
Sensex	78,151	77,709	(0.6)
Nifty	24,334	24,239	(0.4)

Source: Bloomberg, Bank of Baroda Research | Note: Nikkei was closed on 20 Jul 2026

- Global currencies ended broadly lower. DXY rose by 0.2% tracking an uptick in US yields. EUR fell ahead of ECB meet. GBP also declined as investors await fiscal plans of the new government. INR dipped tracking higher oil prices. It is trading stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	17-07-2026	20-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1439	1.1414	(0.2)
GBP/USD (1 GBP / USD)	1.3452	1.3431	(0.2)
USD/JPY (JPY / 1 USD)	162.40	162.50	(0.1)
USD/INR (INR / 1 USD)	96.28	96.45	(0.2)
USD/CNY (CNY / 1 USD)	6.7762	6.7684	0.1
DXY Index	100.77	100.95	0.2

Source: Bloomberg, Bank of Baroda Research



- Global yields broadly closed higher. UK's 10Y yield rose at the sharpest pace amidst fiscal concerns surrounding recent political developments. US 10Y yield rose by 4bps amidst inflationary concerns. India's 10Y yield closed steady. It is trading lower at 6.76% today.

Table 3 – Bond 10Y yield

	17-07-2026	20-07-2026	Change, bps
US	4.55	4.59	4
UK	4.95	5.03	8
Germany	3.13	3.15	2
Japan	2.70	2.70	0
China	1.73	1.74	0
India	6.78	6.78	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	17-07-2026	20-07-2026	Change, bps
Tbill-91 days	5.29	5.27	(2)
Tbill-182 days	5.50	5.53	3
Tbill-364 days	5.61	5.62	1
G-Sec 2Y	6.21	6.21	0
India OIS-2M	5.43	5.43	0
India OIS-9M	5.81	5.83	2
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.59	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	17-07-2026	20-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.7	0.8	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	16-07-2026	17-07-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(311.6)	609.2	920.8
Debt	18.6	631.6	613.0
Equity	(330.2)	(22.4)	307.8
Mutual funds (Rs cr)	748.4	1,408.0	659.6
Debt	(577.5)	(667.5)	(90.0)
Equity	1,325.8	2,075.4	749.6

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 9th and 10th Jul 2026

- Oil prices inched up tracking geo-political developments.

Table 7 – Commodities

	17-07-2026	20-07-2026	Change, %
Brent crude (US\$/bbl)	88.1	89.2	1.3
Gold (US\$/ Troy Ounce)	4,017.4	4,008.0	(0.2)
Copper (US\$/ MT)	13,500.9	13,621.2	0.9
Zinc (US\$/MT)	3,543.8	3,542.4	0
Aluminium (US\$/MT)	3,150.5	3,140.0	(0.3)

Source: Bloomberg, Bank of Baroda Research



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